

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
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**CONTACT: 99 - 18
JAY ZIEGLER
HELAIN KLASKY
(202) 395-3230**

**U.S. EXPRESSES CONCERN FOLLOWING DISCUSSIONS
REGARDING EU BEEF BAN**

After meeting with European Union (EU) officials on Wednesday and Thursday, U.S. officials today expressed deepening concern that the EU would not be in compliance with a WTO decision that the EU must open its market to U.S. beef by the WTO-stipulated date of May 13, 1999.

“We are pleased that the European Commission accepted our invitation to consult this week on our trade dispute concerning the European Union’s (EU) ban on U.S. beef from cattle treated with hormones,” said United States Special Trade Negotiator Peter Scher. “We discussed our proposal to label U.S. beef on the EU market and EU ideas to provide compensation in the form of trade concessions between May 13, 1999 -- the WTO-mandated date for EU compliance with the WTO ruling -- and a future date when the EU’s ban on U.S. beef might be lifted. However, we have expressed our very serious concerns with regard to EU proposals which suggest that a resolution of this matter would be conditional on additional risk assessments and bureaucratic hurdles in the EU. This ban has been in place for 10 years with no scientific or health-related justification. The time has come for Europe to accept its responsibilities and lift this unjustified and unwarranted ban on our exports.”

The EU has indicated that they intend to discuss this matter in meetings next week. U.S. officials will consider the results of the EU meetings before determining the United States’ next steps. In the meantime, U.S. officials will continue internal preparations to exercise U.S. WTO rights in the event the EU is not prepared to comply with the WTO.

BACKGROUND

The origins of this trade dispute are nearly two decades old. From 1980-89, the EC debated internally prohibitions on the use of hormones. During this period, the United States tried to resolve this issue bilaterally and multilaterally. While the European Union (EU) initially delayed the application of the ban – and the United States suspended retaliatory action -- the EU blocked U.S. attempts to resolve this dispute in the GATT. On January 1, 1989, the EU imposed

a ban on imports of animals and beef from animals treated with hormones to promote the animal's growth. Also on that date, the United States suspended trade concessions worth about \$100 million.

During the early 1990s, the United States continued to encourage resolution of this dispute. We used the FAO/WHO Codex Alimentarius to develop four principles that reenforced the pre-eminent role of science. Following entry into force of the WTO Sanitary and Phytosanitary (SPS) agreement on January 1, 1995, the United States and, later, Canada, proceeded with formal WTO dispute settlement procedures. The United States lifted the \$100 million in trade sanctions that had been imposed while the EU blocked the GATT dispute settlement process.

On August 18, 1997, the WTO panel issued its report finding that the EU ban is not based on scientific evidence and was not based on a risk assessment or on the relevant international standards. The Appellate Body report was issued on January 16, 1998. The Appellate Body found that the EU's ban on importation of beef from cattle treated with growth promotion hormones is not consistent with the EU's obligations under the SPS Agreement. The Appellate Body report concluded that the EU measure failed to satisfy the requirements of Articles 3.3 and 5.1 of the SPS Agreement because the risk assessments that had been performed did not support the ban. At its February 13, 1998 meeting, the WTO Dispute Settlement Body adopted the Appellate Body and Panel reports on hormones. As a result of WTO arbitration, the EC was directed to come into compliance with the WTO ruling within 15 months, by May 13, 1999.

The safety of consuming beef from cattle treated with certain hormones has been thoroughly researched since the 1950s. On all occasions of FDA testing, the six hormones subject to the trade dispute have always been found to pose no adverse health effects. The clear international scientific consensus is that these approved and licensed products are safe when used in accordance with good veterinary practice. Even the EU's own scientists have agreed with these findings. At present, U.S. beef is shipped to 138 countries.